CORPORATE SUSTAINABILITY: THE CONTENTIOUS NATURE – LITERATURE REVIEW

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ABSTRACT

This paper attempts to provide an overview to the contentious concepts of corporate sustainability (CS). The conclusions, drawing literary support from anecdotal evidences, theories and changing business dynamics reflect that CS is custom made process and thus one size fits all definition of the concept is imprudent. The notion of business entities' social receptivity and responsible citizenship aren't novel and its genesis can be traced to history. As evident from the forthcoming literary discussion that conventional multiple notions of sustainability basically convey the same meaning and consequently corporate and academe often use them synonymously.

Introduction

Recently, sustainability has turned out to be corporate buzzword and heightened academic interest area. Sustainability however aims to enhance the adoption of sustainable business practices while simultaneously augmenting creation of the awareness regarding the concept. History is replete with numerous efforts targeted at defining sustainability and sustainable development more robustly. However the challenge is inherent in setting the limits for definition, in order to delicately balance the possibility of too narrow focus which might possibly exclude some important aspects, and a broad outlook, that could dilute the term to an extent being almost meaningless (Marshall and Toffel, 2005).

The research draws heavily on literary support over definition and various allied business-society constructs, thus enabling corporations to refer to these as enduring guide to exhibit socially responsible value system that facilitates attainment of sustainability and business objectives. Seeking profits alone without consideration to responsible management practices is a limiting decision of firms for its ability to be a sustainable business ultimately leading to death of corporation and failing in its ability to realise their purpose, let alone generate profits for shareholders.

As would be evident from forthcoming discussion, it reflects the approximate sequence of advent of major concepts linked with business-society. Repeatedly authors have opined and volumes of literature confirmed that multiplicity of allied concept and definitions have given rise to more questions than answers, aggravating the situation for scholars to compare their academic works and for corporate managers willing to adopt responsible-sustainable business practices, leaving them with their own interpretations of these concepts and respectively adopt (Marrewijk, 2003).

Setting the Milieu

The popular notion that businesses have social responsibilities towards communities in which they operate has existed almost for centuries. However, it was only second half of the 20th century that intensified an ongoing and escalating debate on corporate responsibilities both in academe and corporate circuits, led to the emergence of varied streams scrutinising the firm's role in society. Authors (Carroll, 1999; Garriga & Melé, 2004) agree that ever since then there has been flooding of inter-related and varied, most often conflicting terminologies, concepts, theories and models.

Historically, perhaps the most well established concept and guiding principle for business-society context was that of corporate social responsibility. Though CSR remains the prime catchphrase for 90s, post which the discussion was seemingly dominated by CS concept towards the start of this millennium. On parallel lines, prominent CSR researchers (Carroll & Shabana, 2010) also shared the shift from CSR to CS.

Though there are many concepts with blurred boundaries in business-society context, but given the breadth and scope of the paper, it is mostly limiting to most widely acknowledged concept of corporate sustainability. Theoretical and practical reasoning is the major underpinning as fundamental basis for selecting key concepts. This opinion has been backed by even secondary data analysis of non-financial disclosure reports by companies. Most often these sustainability reports were named after the major concepts as business responsibility report. Even the basic Google and Google scholar search with keywords of these varied concepts, also supported predominance of chosen concepts. The multitude of business-concepts have blurred boundaries, however the differing terminologies or operationalisation of construct is seemingly subjective owing to scholar's interpretation and perspective towards the concept. To quote, in lieu of CSR, Brown (2004) prefers 'corporate responsibility' while European scholars prefer 'societal responsibility' as they view CSR being limiting concept by excluding moral and ethical considerations or while just being confined to social welfare issues respectively (cf. Dyllick and Hockerts 2002, Andriof and McIntosh 2001). In sync with Scherer and Palazzo (2007) who asserts CS to be a considered as an umbrella term for debate on role of business in society.

These overarching concepts are confusing and interchangeably used with allied concepts. Nevertheless, no matter what organisation name this responsible behaviour, what remains in the end is whether firms behaves responsibly or not as its core rather just pretending to be socially responsible. Ensuring this responsible conduct is crucial as Wood (1991) opines that business and society are interwoven instead being distinct entities. Thus, society has certain expectations of suitable corporate conduct and subsequently, the degree of congruence with societal expectations determines the respective legitimacy of the corporation.


1. legislation and maintenance (control)
2. competition and cooperation (market)
3. collective action and participation
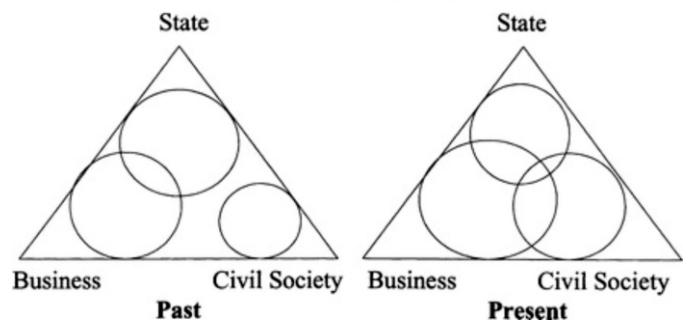
Figure 1: Business-society concept (as cited by Marrejiwk, 2003)

Backing upon the work of @ Zwart (2002), business and civil society share a triangular relationship with state. Each of their role is well coordinated in order to fulfil their role in society. Usually, civil society is credited to structure the society through collective effort and participation, it is state that is responsible for maintaining law and order, and business is ought to generate wealth through competition and cooperation. Thus, the compartmentalisation of roles is so that state enforces the control while business exert market forces. It has been observed that both these market and control mechanisms are faulty with respect to business conduct in society. With passage of time, civil society has gained importance and the other two partners of business and state have to respond to increasing societal pressures. Post damage control corrective actions by corporates jeopardize firm's reputation and enforce them to apply more sustainable business approaches (Zwart, 2002; Marrewijk, 2003).

To surmise, it can be surmised that differing, notwithstanding allied perspectives on sustainability have led to rich and voluminous literature but significant disagreement prevails. To closely dissect, each of the concepts are explored in following subsection.

Literature Review

Referring to Smith's (2011) seminal works on the review of CSR philosophies of firms asserts that sustainability is most often synonymously used with CSR. Though stakeholder theory attempts to identify "to whom are businesses socially responsible", while CS attempts to answer "what are the businesses responsible for?" (Maignan & Ferrell, 2003, p. 56).

Though Hediger (1999) asserts the earliest references to the term 'sustainable' is in context of forestry. However, the first formative academic work on CSR is credited to Bowen in 1953, entitled as 'social responsibility of businessmen' advocating that firms owe responsibility towards society (Carroll, 1979, p.497; Matten & Moon, 2008, p.405). This credited Bowen the coveted title of "father of corporate social responsibility" (Carroll, 1999, p.270), proposing that businesses must operate in sync with societal values (Bowen, 1953, p.6).It was only after seminal contribution of Bowen, Carroll (1979, 1991) considerably systematised the business-society domain. In the 1990s and 2000s the most cited and influential CSR model was "The Pyramid of CSR. In his hierarchical order, he strongly stressed that economic responsibility is the most crucial social responsibility of business. Thus, it infers that first and foremost than other obligations, businesses ought to be profitable and must render superior quality goods and services. The verticals were in odere of economic base, a legal layer, an ethical and at the top the philanthropic engagement, which was criticized due to the messages of firms, who took this layer as the most important claim (Carroll, 1991). However, Schwartz argued that this layer misguided the firm as it lead them to think if they only added philanthropic donations, they were exercising a full concept of their responsibility (Schwartz & Carroll, 2003, p. 505). Given this, the four-dimensional pyramid of CSR was modified into "three-dimensional approach" (Crane & Matten, 2005; Visser, 2008). In this approach authors had merged the "philanthropy" into the "ethical" part de-emphasizing it as the uttermost imperative as a top in a pyramid could suggest (see Schwartz & Carroll, 2003, p. 509, Figure 2).
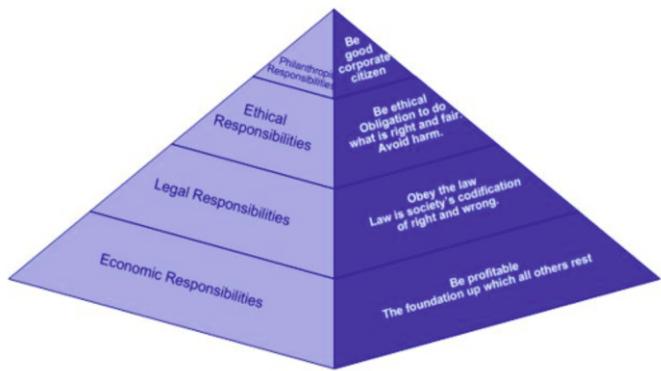
Figure 2: The Pyramid of CSR

Source: Adapted from Carroll (1991), p. 42.

Given that both the pyramids failed to address the environmental perspective and corporate sustainability, as corporates are more likely adopt CSR using the triple bottom line approach (Visser, 2005). Thus, Aras and Crowther (2009) has focused specifically on sustainability and model surrounding CSR are related to sustainability such as environment, society, financial and organizational culture (See Figure5) in both long and short term.

To recap CSR is a strategic approach to improving sustainability. Sustainability cannot be improved without CSR practices and hence CSR is not an option but a must for companies that want to improve sustainability. On the other hand, CSR calls companies to behave responsibly to improve sustainability. CSR literature focuses on responsible behavior as the main factor in CSR. The terms "behave responsibly ", "act responsibly", "responsible business", "responsible revolution", "responsible organization" can be found in all related CSR activities such as academic journals, books, conferences, and academic programs. The common message of these terms is to ask the organization to act responsibly for improving the sustainability. It is clear from the CSR literature that the responsible behavior of companies has a significant function in making CSR practices achieve the improvement of sustainability. Without responsible behavior of companies, CSR practices cannot work. The CSR literature shows that CSR practices are not working well, and many academics consider that CSR has failed. If CSR cannot work without responsible behavior of organization and CSR failed, this means, the responsible behavior of companies is not functioning properly. In other words, the responsible behavior of companies is a major issue and requires a solution. As concluded before, a systems perspective is the appropriate approach to deal with responsible behavior. This means that the responsible behavior of a company is the responsible behavior of the system as a whole. So, by replacing this understanding in the field of CSR and sustainability, we can say that in order to improve sustainability companies has to have the ability to improve the responsible (ethical) behaviour of their system.

In the extensive content analysis work of Dahlsrud (2008), he also shares a concern that in spite of long established journey and uninhibited literature, CSR is still not coherently defined. He extends further that overabundance of CSR definitions and allied concepts pose challenge to businesses to be translated into sustainable business strategies (pg.6). This is in sync with what Marrewijk (2003) laments "CSR has to be broadly defined and is therefore too vague to be useful in academic debate or in corporate implementation" (p. 96). Matten & Moon (2008) also opines that CSR is an 'umbrella term' (p.405) sharing blurred boundaries and often used synonymously with corporate citizenship, business ethics, corporate philanthropy, and sustainability.

Evolution of CS: Wilson (2003) proposes a slightly different perspective and theorization for CS. He states that corporate level sustainability is based on four conceptually different principles. Contrary to popular notion, he considers SD to be derived from principles of economics, ecology and social justice. He refers to SD as precondition for shared common societal goal. Second mainstay asserts that CSR offers ethical arguments emanating from ethical and moral philosophy in favour of firm's motives for adopting sustainability initiatives. Third pillar refers to stakeholder theory as offering argument for sustainability adoption. Lastly, legal compliance driven approach offers ethical arguments for sustainability adoption. This qudra faceted model of an otherwise multidimensional and multidisciplinary construct of sustainability depicts succinctly the underlying connections and apparent contradictions (fig…3 pillars of sustainability, source: based on Wilson, p.2)
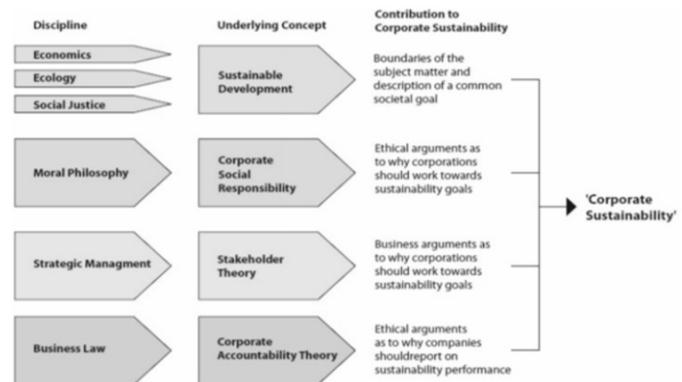

Figure 3: Pillars of Sustainability

Source: based on Wilson 2003, p. 2

The Blurred Boundaries: CSR & CS

Finally to draw inferences on link between CSR & CS, the distinctive history and paradigms taken to define these concepts may be credited as to why CSR & CS traditionally being viewed as distinct concepts. Montiel's (2008) most comprehensive review of academic literature on CSR points out that mostly studies have focussed on social issues at the cost of environmental concerns and these two concepts are "more and more used synonymously and seem to be converging" (p. 260). To strengthen this argument further that both concepts inspite of unlike histories and origin, have become more interwoven concepts (Loew, Ankele, Braun, and Clausen (2004, p. 12) and Marrewijk 2003, p. 102). CSR & CS are supposedly two sides of the coin and Keijzers (2002) assert that notions of CSR and CS though have shown separate paths, but recently have grown into convergence. Divergently, Dahlsrud (2008) proposed that CSR in its conceptualisation and practical application still gives prominence to social issues rather than environmental aspects. The most noted researchers Frederick (1960) & Bowen (1953) shared an opinion that earlier version of CSR dealt with social issues while later years witnessed the inclusion of environmental aspect (Marrewijk 2003, CEC 2001). On contrary, at many instances, SD is equated with ecological sustainability (@ Starik & Rands, 1965). In the past, sustainability had a limiting notion to the environment while CSR being to social aspects. This can be reasonably attributed to missing reference to environmental dimension in previous scholarly works. Alternatively it can be attributed to the increasing and evolving societal expectations and values which might have possibly urged the businesses to consider environmental aspect. Of late, scholars and corporate practitioners have initiated to differentiate between fine differences in CSR as defined by Carroll and allied concepts.

Therefore, notwithstanding diverse terminologies, the concepts of strategic CSR, CR and corporate social and environment responsibility are closely guarded concepts to corporate sustainability. Recently there has been heightened interest in integrating social and societal aspects into CS. CS is even targeted as ultimate goal with CSR as intermediate stage whereby companies attempt to balance TBL(Wempe and Kaptein, 2002). On similar note, sustainability is targeted as ultimate goal for sustainable development (WCED, 1987). The simple illustration (fig.4) depicts the relationship of CS, CR & CSR, plus, the economic and environmental dimensions.
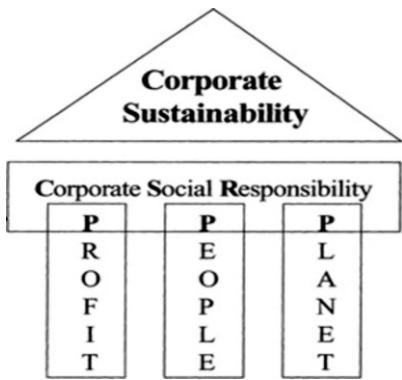
Figure 4. Relationship 3P, CS and CSR

Source: Erasmus University, Wempe & Kaptein (2002)

The figure also show how CSR as a new tool fits into current CS framework to complete the picture of corporate sustainability. Indeed, historical perspectives clearly established that SD, CS and CSR have converged into very similar concepts over the period of time.

It thus infers that both CSR and CS refers to firm's activities/practices – voluntary by nature- reflecting the inclusion of environmental and social concerns in all business activities and in interaction with stakeholders. Many would agree that in common parlance this is too broad-to an extent vague- definition of corporate sustainability and CSR.

The different takes on CS implies one thing in common as that the private sector is dominant engine of growth - the principle creator of value and managerial resources and that it has an ethical obligation to contribute to economic growth and opportunity – equitable and sustainable. This is where progressive companies firstly identify and then competitively differentiate themselves from others through engagement with CS. and overlapped constructs as hampering the academic debate and ongoing research. However, an "all embracing" notion of CSR is broadly defined and thus is too vague for academic reference or corporate implementation. Difficulties in arriving at understanding of CSR can be attributed to the notion that it tends to include almost everything (15), or concept is continually evolving in response to stakeholder rights (Holme & Watts, 2000, pg5).

Drawing parallels of concepts like SD, CS and CSR, it is equally important to be cognizant of the fine line differentiating these concepts. While CSR is majorly voluntary management approach contingent upon stakeholder claims, on other hand SD & CS are business guiding models in sync with societal concerns.

SD can be considered as normative societal concept underpinning the other two, with branches stemming out as CS as corporate concept and CSR as management approach. In current context, the concept of sustainability find their roots traced to legendary definition of SD by Brundtland commission. For corporates, sustainability is applied version of SD at firm level (Hockerts, 2003) or Atkinson (2000) believes sustainability to have emerged from SD. Though Dyllick & Hockerts (2002) immensely draw upon Brundtland commission to propose definition of sustainable development but Schaltegger et al. (2002) shares a concern over translation of 'corporate sustainable development' into specific business activities encompassing social, economic and environmental.

It is well agreed upon that scholars have defined and interpreted sustainability in multiple ways according to their own perspectives and as Redclift (1987) opines that contradictions galore since early history of the concept. Though landmark Brundtland definition is extensively referenced, interpreted and streamlined but Starik & Rands (1995) gets a harsher tone while commenting that the said definition is 'tentative' and 'outdated' based on the pretext that world has already 'declined global carrying capacity'. Indeed, over the years CS have been particularly defined in numerous ways as business ethics, business responsibility, realisation of corporate philanthropy, corporate citizenship. Corporate responsibility and social responsibility are other two most common connotation for CS.

Summation
This subsection attempted to explore the scholarly works to define CSR concept. As evident from discussion so far that present day CSR notion is the resultant of number of management theories while there exists varied nuances of the concept. This clearly establishes that the concept is yet to attain theoretical maturation. Some scholars have attempted to map discourse with help of meta-reviews on CSR (cf. McWilliams et al. 2006, Kakabadse et al. 2005, Matten and Crane 2005, Garriga and Melé 2004, Carroll 1999). As opined by Schneider et.al (2010, pp430), "corporate reporting has begun a shift from sustainability alone to a focus on CSR". Most of the reviewed corporate policies sited sustainability within supporting principles of CSR report. Just as sustainability emanated from traditional EHS management and then subsequently incorporated it, CSR is emanating from and then incorporating sustainability & allied practices.

The paper attempts to bring orderliness to otherwise disordered business-society concepts of CS. Throughout the research it is observed that many allied concepts of sustainability, rarely rely on clear, concise and singular well defined definitions individually or in context of related terms and concepts. This subsection attempts to bring clarity and suggest nature of interrelationships between most frequently used concepts in relation to sustainability – corporate social responsibility, CSR.

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